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9 February 1962

CURRENT INTELLIGENCE WEEKLY SUMMARY



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CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE

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CURRENT INTELLIGENCE WEEKLY SUMMARY

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THE WEEK IN BRIEF
(Information as of 1200 EST 8 Feb)

LAOS Page 1

Efforts to arrange a resumption of negotiations between Boun Oum and Souvanna have been complicated by enemy pressure against the government provincial center of Nam Tha in northwestern Laos. Vientiane leaders have said they will not negotiate while under military threat. Souvanna now is trying to arrange an audience with the King, and Phoumi has expressed willingness to meet informally with Souvanna afterward in Luang Prabang. Recent statements by Soviet officials reflect approval of pressure by anti-Vientiane forces to "punish" Phoumi and to make him amenable to Souvanna's conditions for a settlement.

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FRANCE-ALGERIA Page 3

The provisional Algerian government (PAG) has not yet commented publicly on De Gaulle's 5 February speech calling for an accord with the least possible delay, but there are indications that the rebels also are expecting an early cease-fire agreement. PAG foreign minister Dahlab and French Minister for Algerian Affairs Joxe are reportedly to meet within a week to settle remaining details. heavy French security precautions have deterred any violent rightist reaction in metropolitan France,

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CONGO Page 4

Congolese authorities still appear uncertain as to what legal steps to take against Gizenga; in contrast to bloc efforts on Gizenga's behalf, Afro-Asian support has been lukewarm. Despite Gizenga's capitulation, the central government has effective control in few areas outside Leopoldville and Equateur provinces, and the Congolese economy is stagnant except in Katanga. Tshombé has indicated his willingness to permit joint UN-Katangan inspection teams to search for European mercenaries believed in hiding; however, his public statements suggest that he still regards the Kitona accords as subject to negotiation and compromise.

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SOUTH VIETNAM Page 5

The Viet Cong are giving increased emphasis to expanding their political organization in South Vietnam. Their political arm, the Hanoi-sponsored Liberation Front, is circulating slogans designed to appeal to non-Communist opponents of President Diem, and a clandestine Liberation Front radio station has begun broadcasts. The volume of Viet Cong activity continues high. A recent

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military alert against a possible coup in Saigon apparently
was largely precautionary

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ARGENTINA Page 6

President Frondizi's assurance to the military that he will break diplomatic relations with Cuba has eased his administration's worst political crisis, but the situation remains tense. The armed forces, in disagreement with Frondizi over other issues, demanded this step to offset Argentina's abstention on the vote to exclude Cuba from the OAS; they will probably press for changes among his advisers and in other policy matters.

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CUBA'S DETERIORATING FOREIGN EXCHANGE POSITION Page 7

Cuba's hard currency earnings in 1961 fell to \$150,-000,000, as compared with \$515,000,000 in 1960. Although the bloc now supplies most of Cuba's import needs, Havana must purchase certain agricultural products and industrial spare parts in the West. The United States embargo on trade with Cuba eliminates a source of dollars which amounted to \$35,000,000 in 1961.

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FINNISH PARLIAMENTARY ELECTION Page 9

The success of President Kekkonen's Agrarian party in the parliamentary election on 4 and 5 February is a further endorsement of his policy of good relations with the USSR. A coalition government is expected to succeed the incumbent minority Agrarian cabinet. Moscow will probably not press for the inclusion of the Communist-front Finnish People's Democratic League.

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SINO-SOVIET-ALBANIAN RELATIONS Page 10

The chances for a compromise in the Sino-Soviet dispute are lessening as Soviet-oriented parties step up criticism of the Chinese Communists. The Italian Communists now have stated openly that Chinese criticism of revisionists actually is directed at the Soviets. Moscow may be prepared to expel Albania formally from the Warsaw Pact, while the Chinese are making efforts to offset the effects of Albania's isolation from the bloc. Peiping appears to be conditioning the Chinese people for the possibility of a diplomatic break with Moscow.

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EAST GERMANY Page 12

Adverse public reaction to the regime's new conscription law and the circulation of antiregime literature appear to be increasing. The regime is imposing increasingly heavy penalties--including death--for such charges as arson.

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SOVIET-TURKISH RELATIONS Page 14

The USSR is engaged in a new effort to weaken Ankara's ties with the West and to encourage neutralism both within the government and among political leaders outside the ruling party. The Turkish Government has publicly rejected recent Soviet offers of financial and technical assistance, but Moscow probably continues to hope that economic problems will lead Turkey in the future to look to the USSR for economic aid. [redacted]

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KENYA CONSTITUTIONAL CONFERENCE Page 15

The conference on Kenya's constitution scheduled to open in London on 14 February is likely to produce a timetable for the final stages of the colony's transition to independence. British and Kenya leaders expect establishment some time this summer of a government headed by an African chief minister, with independence likely early next year. The chances are fairly good that Jomo Kenyatta and his extremist associates can be isolated at the conference and a "national government" of moderate elements formed to lead Kenya into independence. [redacted]

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CONFERENCE OF INDEPENDENT AFRICAN STATES Page 16

The 20 moderate African states which participated in the pan-African conference held in Lagos, Nigeria, between 22 and 30 January achieved some progress toward closer economic and technical cooperation. However, the boycott of the meeting by the five radical Casablanca group states and by Tunisia and Libya, plus the Sudan's early withdrawal, damaged the prestige of the conference and wrecked Nigeria's hopes of presiding over a rapprochement between the moderate and radical groupings. [redacted]

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FOREIGN POLICY DEVELOPMENTS IN THE ASIAN COMMUNIST SATELLITES Page 17

Mongolia, having gained UN membership, has renewed its attempts to secure recognition from nonbloc countries and has been recognized by three in the past week. North Korea's and North Vietnam's efforts in this regard have been less successful. In intrabloc affairs, Mongolia alone of the three has given the USSR strong support on

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the Albanian dispute; North Korea and North Vietnam lean toward the Chinese Communist position but have been careful to avoid offending either Moscow or Peiping.

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DE GAULLE'S PROBLEMS WITH FRENCH ARMED FORCES IN EUROPE . Page 19

De Gaulle has increased the discontent in the French armed forces by his extensive reshuffling of restive units and reassignment of individuals suspected of disloyalty. Some 2,500 officers are reported to have left the army since last April, including many of France's most experienced combat commanders. Except for those units which will directly benefit by his emphasis on a national strike force, De Gaulle has failed to reorient military thinking to "a European mission," and the return of units from Algeria may have actually weakened the loyalty of his armed forces in Europe.

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WEEKLY REVIEW

LAOS

Military pressure continues against the small but strategic government-held town of Nam Tha in northwest Laos. Pathet Lao forces and pro-Souvanna units under General Khamouane, with sizable North Vietnamese support, have intermittently bombarded the village and its nearby air-strip with mortar fire. General Phoumi has reinforced the garrison there with two battalions flown in from southern Laos, but it probably would be unable to hold the town in the face of a concerted attack.

Phoumi, possibly in an effort to ease the pressure on Nam Tha but more probably to undercut Souvanna Phouma's moves to create a coalition government, on 2 February postponed an audience the latter had arranged with King Savang for that day. Protesting that he would not "negotiate under threat," Phoumi demanded that Souvanna withdraw his forces nine miles from Nam Tha, and stated that in the event Souvanna persisted in his intention to visit the King, he would "be arrested."

On 6 February, Souvanna indicated to members of the International Control Commission (ICC) his willingness to meet with Boun Oum either at Luang Prabang or the Plaine des Jarres in order to discuss the formation of a coalition. He also expressed readiness to support a meeting of both sides to draft a cease-fire agreement. Phoumi now says he and Boun Oum are ready to meet informally with Souvanna in Luang Prabang and to hold cease-fire talks in Hin Heup but will not engage in political talks at the Plaine

des Jarres until he is no longer under military pressure. Prime Minister Sarit of Thailand has agreed reluctantly--and perhaps not sincerely--to advise Phoumi to accede to Western pressure and enter into negotiations with Souvanna. He has, however, supported Phoumi's contention that it would be impossible to negotiate until the antigovernment forces ceased their attack on Nam Tha.

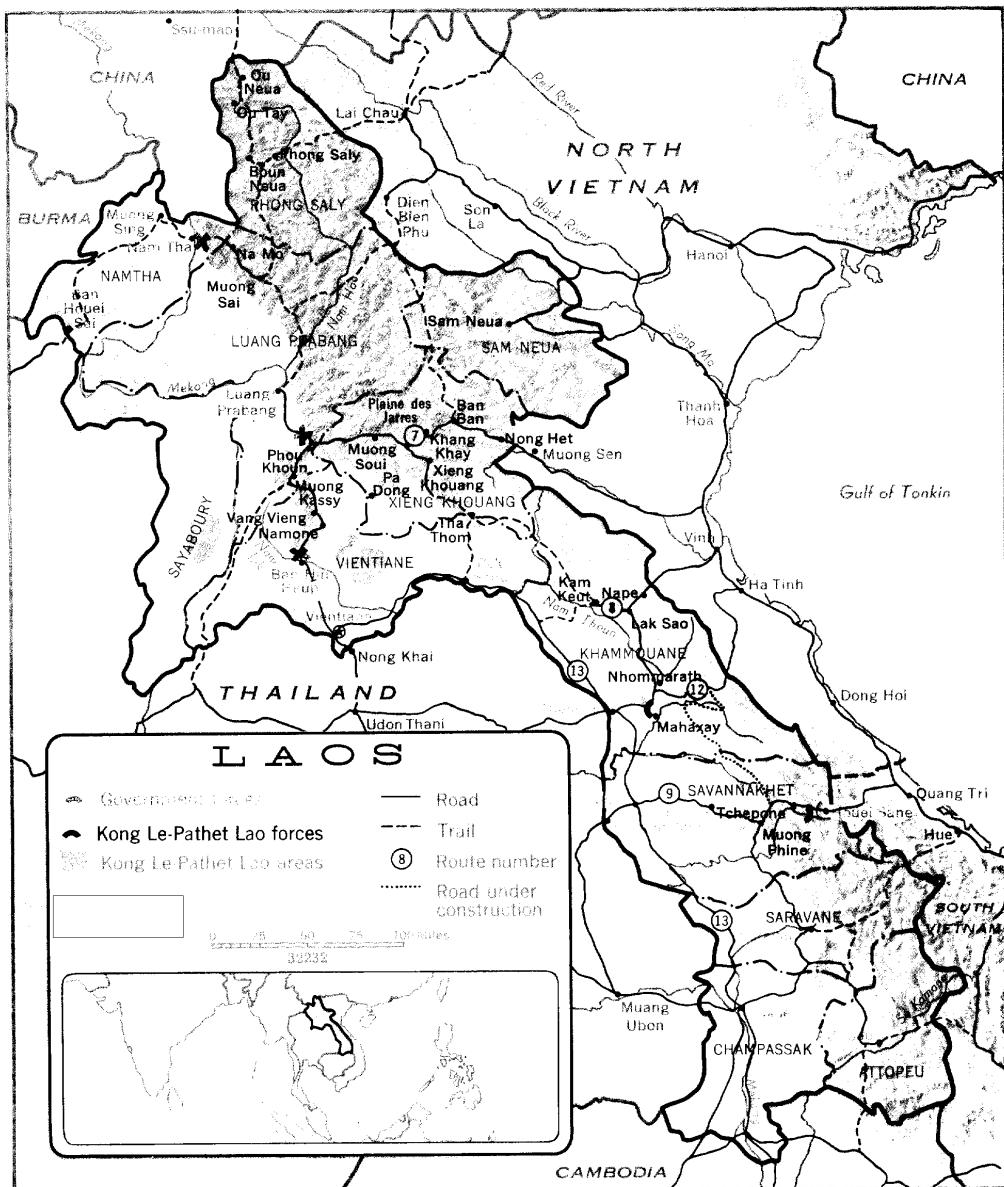
Soviet Deputy Foreign Minister Pushkin, in a talk with Ambassador Thompson in Moscow on 3 February, implied that the Soviet Government did not feel that the US was exercising all available pressure on Phoumi to bring him to the conference table. He delivered a harangue against Phoumi's "duplicity" and claimed that the only language Phoumi seemed to understand was force. In a later conversation with the British ambassador, Pushkin maintained that the Soviet Government was convinced that Phoumi's basic objective was to provoke Souvanna to a point where prospects of further negotiations would be excluded.

Soviet Ambassador Abramov's actions in Laos reflect an apparently growing conviction on the part of the Communists that in order to break the deadlock, military pressure must continue until Phoumi agrees to Souvanna's conditions. Pushkin told Ambassador Thompson that events at Nam Tha should not interfere with negotiations but would give no assurance that the USSR would attempt to restrain the rebel faction from attacking the city. Abramov has joined in efforts by the British ambassador and

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the ICC representatives to bring about a resumption of talks between Souvanna and Phoumi, but he has repeatedly asserted that Phoumi must not lay down any conditions for a cease-fire at Nam Tha before resuming talks with Souvanna. Abramov has emphasized that Souvanna's statement that "the failure of

negotiations would mean war" must not be taken lightly by the United States. The Soviet ambassador had earlier indicated that if Phoumi would offer to resume talks at Luang Prabang, Souvanna might make some "clementary gesture" to help bring about a suspension of fighting while political talks are held.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****FRANCE-ALGERIA**

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The provisional Algerian government (PAG) has not yet commented publicly on De Gaulle's 5 February speech calling for an accord with the least possible delay, but there are indications that the rebels also expect an early cease-fire agreement. PAG foreign minister Dahlab and French Minister for Algerian Affairs Joxe are reportedly to meet within a week to settle remaining details.

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The PAG was reportedly "gratified" by the general tone of De Gaulle's speech. [redacted]

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[redacted] the brief PAG communiqué of 6 February stating that "decisions had been taken" was intended to cover a waiting period until the PAG learned exactly what measures the French Government intends to take against the OAS. Although wide agreement reportedly has been reached in secret talks, some details remain to be settled. The PAG "representative" at the UN, for instance, told Ambassador Stevenson on 2 February that the rebels would insist on a greater role in public security during the transitional period than the French have so far agreed to, and indicated that the PAG would refuse to sign an accord if "for reasons of prestige" the French did not meet PAG demands on this point. Any accord accepted by the PAG will have to be ratified by the National Revolutionary Council, a procedure that could dangerously delay final rebel agreement to a cease-fire.

Several phrases in De Gaulle's 5 February address conveyed a sense of urgency, and his statement that France will soon publish its proposals in detail and reveal their "generosity, constructiveness,

and realism" is in effect an ultimatum to the PAG to make up its mind whether to sign an accord.

Heavy government security precautions in metropolitan France as well as in Algérie prior to De Gaulle's speech, together with several reportedly successful blows last week against the Secret Army Organization (OAS), probably deterred any immediate violent rightist-military reaction to his statements. Two key leaders in the plastic bomb campaign were arrested in Paris, and numerous OAS documents were seized. The OAS in Algeria has nevertheless publicly vowed to resist any settlement with the PAG

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****CONGO**

Key political factions in the Congo appeared to be marking time during Premier Adoula's visit to the US. Officials in Leopoldville have stated that Gizenga's removal from the capital to a small island off the Congo coast on 3 February was at his own request. Central government authorities, who were instructed by Adoula before his departure to assure Gizenga's personal safety, appear to be awaiting guidance as to what legal steps to take.

Adoula's rivals both inside and outside the government are in doubt as to what degree of support they should accord Gizenga. Gizenga's self-imposed isolation in Stanleyville led many of his followers to despair of his leadership and brought about his eclipse as a political leader. However, he retains a degree of prestige as "Lumumba's heir," and his detention has been the object of protests and demonstrations throughout the Communist bloc, although criticism of Adoula has been indirect. Afro-Asian support for Gizenga has been lukewarm.

In Katanga, Tshombé has maintained a conciliatory posture in his dealings with the UN. Tshombé has indicated his willingness to permit joint UN-Katangan inspection teams to seek out recalcitrant mercenaries outside Elisabethville. The exodus of Europeans continues.

With respect to the Kitona accords, however, Tshombé's compliance has been limited largely to entering negotiations with the central government. His public statements and recent appeal to the Belgian Council of State protesting UN

military intervention suggest that he still regards the terms for Katanga's reintegration with the Congo as subject to compromise.

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Despite Gizenga's capitulation, the central government exerts effective control in few areas outside of Leopoldville and Equateur provinces. Although the UN has mounted an effort in northern Katanga to apprehend Congolese Army units responsible for recent atrocities, the Congo itself has no reliable security force to prevent the recurrence of such incidents. In conversation with US officials, the president of Kivu Province stated in early February that there is still the lack of security which enabled Stanleyville troops last December to kidnap him and his ministers.

Except for Katanga, the Congo continues to stagnate economically, particularly in those urban areas dependent on a money economy. In Leopoldville, the estimated 69,000 unemployed make up over 54 percent of the African work force.

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The crime rate has markedly increased, and the army of unemployed poses the threat of disorders at any time. Economic life in Stanleyville, where floods have intensified economic dislocations stemming from Gizinga's earlier political activities, is reported at a virtual

standstill. The US army attaché reports that in late January Luluabourg was without water or electricity. He stated that Europeans were continuing to leave, and that the city was "slowly but surely reverting to the jungle."

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SOUTH VIETNAM

The Viet Cong are giving increased emphasis to the expansion of their political organization in South Vietnam. Field commanders have reported a recent increase in Communist propaganda activities in the countryside. In mid-January, the National Front for the Liberation of South Vietnam, the Hanoi-sponsored political arm of the Viet Cong, promulgated a series of slogans designed to appeal to President Diem's non-Communist opponents who are interested in "bringing about urgent reforms."

Since its founding in December 1960, the Front has boasted of a rapid expansion of affiliated political parties and "liberation" associations purporting to represent various segments of South Vietnamese society, such as labor, youth, peasants, and journalists. It has set up an administrative apparatus paralleling the South Vietnamese government substructure. On 1 February a clandestine Liberation Front radio began broadcasts to South Vietnam in five languages; there is some indication that these come from the Hanoi area.

Despite a drop in the volume of Viet Cong activity reported since mid-January, incomplete figures for the entire month indicate the level approached and may have exceeded the all-time high recorded last October. Military activity continues to be characterized by

small-scale ambushes and attacks on militia outposts in the southern part of the country as well as in the northernmost provinces. In the central region, the Viet Cong are most active along the coast, where several acts of sabotage against the north-south railway disrupted traffic late last month.

Government troops have been on alert this week against any possible upsurge of Viet Cong activities during the lunar new year festivities. Some reports predict widespread attacks after the festival and claim that current Viet Cong efforts to seize harvested rice stocks are preparatory to a new upsurge. Daily rice shipments to Saigon are above consumption requirements, but reserve stocks in the city--reported at 35,000 tons on 14 January--are well below the government goal of 150,000 to 200,000 tons.

An alert of various military units in Saigon was ordered on the night of 1 February, apparently after President Diem was warned of a possible plot to oust him.

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ARGENTINA

President Frondizi's decision to break diplomatic relations with Cuba shortly will ease the worst political crisis he has faced since his inauguration on 1 May 1958. The armed forces, already in strong disagreement with Frondizi over other issues, gave him an ultimatum demanding that he formally announce the break by 10 February, and he secretly agreed to comply.

The military demanded this step, as well as Foreign Minister Carcano's resignation, to offset Argentina's abstention on the vote to exclude Cuba from the OAS, and despite Frondizi's subsequent pledge to support all of the resolutions passed at Punta del Este. On orders from the President, Carcano had supported eight of the resolutions and abstained on juridical grounds on the two crucial paragraphs of a ninth to exclude Cuba. Carcano's resignation still has not been accepted.

made shortly after high military officials had again demonstrated their displeasure with Frondizi by boycotting an official banquet. The Foreign Ministry spokesman said the decision for an immediate break resulted from a report on Argentine-Cuban relations which was prepared by Carcano and would be supplemented by information supplied by Ambassador Julio Amoedo, who was due to arrive in Buenos Aires from Havana on 8 February.

The military attribute much of Frondizi's policy on Cuba to the counsel of Rogelio Frigerio--a principal, although "unofficial," presidential adviser on both foreign and domestic policy--and they will continue to press Frondizi to dismiss Frigerio's supporters from the government. The armed forces strongly mistrust Frigerio, who negotiated Peronista support for Frondizi in the 1958 elections and who has made subsequent efforts to win further support from Peron.

Adding to military discontent in the present crisis was concern over increased Peronista political activity, including the declaration of Peron's candidacy in two electoral districts, preparatory to the 18 March congressional and provincial elections. The interior minister declared Peron's ineligibility at the outset of the crisis, but the military are still concerned over possible Peronista deals with Frondizi's party. The Peronistas are split, and most factions attack Frondizi. The 18 March elections have influenced both Argentine President Frondizi and the military in timing the diplomatic break with Cuba, but the military now have the upper hand.

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Late on 6 February a Foreign Ministry official informally told newsmen that Argentina had decided to break relations with Cuba during the coming weekend. The announcement was

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CUBA'S DETERIORATING FOREIGN EXCHANGE POSITION

Cuba's income from foreign exchange--including export earnings, tourist receipts, and capital imports--has been declining since the Castro regime came to power in 1959. This decline was in part due to the deterioration in the world sugar market in 1957-59 and in part to Castro policies which destroyed the tourist trade and cut off normal sources of foreign capital.

As a consequence, total foreign exchange income in 1961 was 36 percent below the 1957 level. In addition to the decline in income from sugar exports in 1957-59, income from tobacco, mineral, and miscellaneous exports also fell off after 1960. That from tourism dropped from \$60,000,000 in 1957 to an unknown but probably negligible level in 1961. Because of Cuba's isolation from traditional sources of investment, net capital imports fell from \$35,000,000 in 1957 to about \$10,000,000 last year, the first year in which Cuba drew on the economic credits offered by the bloc.

Exchange earnings from sugar exports have been stabilized by the large purchases made by the bloc since 1960. While the premium price paid by the bloc is less than that previously paid by the US, the bloc is importing about 60 percent more sugar than the US took. At the guaranteed price of 4 cents a pound, the annual value of Cuban sugar sales to the bloc amounts to about \$400,000,000.

Although this is approximately 20 percent greater than former receipts from the US, the bloc payments will be primarily in goods, whereas the US payments were in hard currency.

The Sino-Soviet bloc accounted for approximately 74 percent of Cuba's total foreign exchange earnings in 1961, compared with less than 5 percent in 1957. This rapid rise in the bloc's share of Cuban trade is based mainly on Cuba's exports of sugar and minerals--nickel, copper, manganese, and chrome--with little diversion of other commodities to bloc countries.

This shift in the direction of Cuban exports has led to an important shift in the character of foreign exchange earnings. Whereas almost all exchange income was in convertible currency prior to 1960, Cuba's involvement in the bloc pattern of barter trading--based on bilateral clearing agreements--led to a drop in hard currency earnings from about \$515,000,000 in 1960 to about \$150,000,000 in 1961. In addition to its growing trade with the bloc, Cuba has also negotiated barter transactions with Morocco, the UAR, and Chile, thereby committing still more of its former hard currency exports to bilateral trading arrangements. Despite the predominance of barter agreements, bloc payments to Cuba in 1961 included at least \$35,000,-000 in hard currency, and Cuba

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made hard currency payments to the bloc of some \$15,000,000 in the same year, mainly for Czech arms.

Bloc trade is already meeting many of the requirements of the Cuban economy for fuel, raw materials, and industrial machinery. However, the bloc has difficulty meeting Cuba's needs for certain agricultural and industrial imports, especially consumer goods and spare parts for Western-manufactured equipment. Havana's effort to obtain these from non-bloc sources will be complicated by the decline in hard currency earnings.

Cuba's prospects for improving its receipts of hard currency in 1962 are not good. Exports to the US which amounted to \$35,000,000 in 1961 were ended by the proclamation of a US embargo effective 7 February. Cuban dollar receipts from the US are now restricted mainly to the payments for services at the Guantanamo Naval Base--estimated at \$7,000,000 annually. Cuban earnings of convertible currency to replace the loss of the US market will depend on the regime's ability to expand sales of tobacco and sugar to other hard currency markets.

Negotiations for the establishment of 1962 export quotas under the International Sugar Agreement broke down in December 1961 when Cuba demanded quota increases unacceptable to other members. With the suspension of the

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CUBAN FOREIGN EXCHANGE INCOME
BY GEOGRAPHIC ORIGIN
(MILLION DOLLARS)

	1957	1958	1959	1960	1961
United States					
Export Receipts	490	510	475	330	35
Other Receipts	100	70	5	10	0
Total	590	580	480	340	35
Canada	10	15	10	5	10
West Europe	175	120	90	80	40
Asia	65	60	35	25	45
Middle East	10	5	5	15	10
Africa	20	15	15	15	10
Latin America	25	20	30	10	10
Total Free World	895	815	665	490	160
Total Bloc	45	15	15	150	450
Grand Total	940	830	680	640	610

Figures rounded to the nearest \$5 million.
Figures for 1961 are estimates based upon the latest data available.

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quota system, sugar prices dropped to the lowest point in 20 years, and in mid-January were about 25 percent below the average for 1961. Cuba's announced withdrawal from the 1962 market has already bolstered the price of sugar and may encourage further price stabilization. If a price recovery occurs in the absence of a quota system, however, Cuba will be very likely to re-enter the market, and the ensuing competition for sales will drive the price of sugar down again. Aside from sugar, Cuba's exchange earnings from exports will probably be much the same this year as last. [redacted] (Prepared by ORR)

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****FINNISH PARLIAMENTARY ELECTION**

The success of President Kekkonen's Agrarian party in the Finnish parliamentary election on 4 and 5 February--in which a record 81 percent of the electorate voted--is a further endorsement of his foreign policy of good relations with the USSR.

The Agrarians won 26.5 percent of the popular vote--some 130,000 votes more than in the 1958 election--and gained seven seats to become the largest party in parliament. The Communist-front Finnish People's Democratic League (SKDL) got more votes than in 1958, but its share of this year's total vote dropped slightly to 22.2 percent and it lost three seats. The Social Democrats elected only 39 candidates, 9 less than in 1958, while the small center parties registered minor gains.

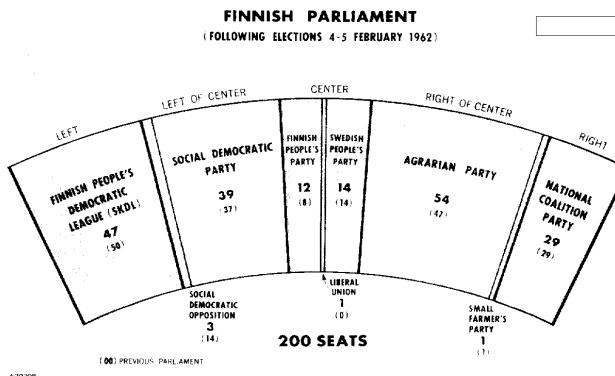
Kekkonen had indicated his hope that the election would show that the Finnish people support his foreign policy and would lead to the formation of a majority coalition government to succeed the current minority Agrarian cabinet. While this is possible, a more likely outcome is another minority government led by Agrarians but including the Finnish People's party and the Swedish People's party, and nonpolitical representatives of labor and management.

Since several of the Social Democratic leaders such as party secretary Pitsinki and Vaino Leskinen are intensely distrusted by Moscow, Kekkonen is unlikely to include the Social Democrats in a coalition government until a change takes place in their leadership. The electoral defeat suffered by both the regular Social Democrats and the Opposition Social Democrats will generate pressure from the rank and file for a reconciliation of the two groups and a reshuffling of the leadership. This would pave the way for Social Democratic cabinet participation and the formation of a majority coalition.

The USSR, which gave little publicity to the election campaign, will probably not press

Kekkonen to include the SKDL in the government, recognizing that such a demand would require some evident increase in Communist strength. Moscow hailed the President's re-election last month as a "decisive victory for a policy of friendly relations with the Soviet Union," and will probably be content for the present with this, plus the recent arms agreement, as sufficient dividends from the "crisis" it manufactured last fall. Both Pravda and Izvestia reported the parliamentary elections as an additional success for the forces supporting Kekkonen's foreign policy line. The Soviet press thus far has not mentioned the issue of including the Communists in the government.

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Moscow may, however, see the installation of a new government as the occasion to urge Kekkonen to support standard Soviet foreign policy initiatives, such as a nuclear free zone in Northern Europe and a German treaty. This possibility of a new Soviet initiative was suggested by the postelection remarks of Finnish Communist leader Pessi, who warned against Finnish association with the Common Market and called on the new government to "stand up for safeguarding peace in the Baltic" and support the conclusion of a German treaty as a priority task.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****SINO-SOVIET-ALBANIAN RELATIONS**

The chances for a compromise in the Sino-Soviet dispute are lessening as Soviet-oriented parties step up criticism of the Chinese Communists. Moscow apparently is using West European Communist parties to bring criticism of Peiping into the open, and some of them have gone beyond the issue of Chinese support for Tirana.

In mid-January Belgian party politburo member Terfve, in an article in the party organ, directly attacked the Chinese attitude toward "peaceful coexistence," claiming that "the Chinese Communists deliberately underrate the dangers which a world war would hold for mankind" and mistakenly "neglect internal contradictions" among Western states. The Austrian Communist newspaper carried what apparently is a fuller version of Terfve's article, including his statement that on the issue of war and peace, Chinese views continue to deviate from Moscow's, despite "patient efforts made within the Communist movement for months."

The Italian Communist party has been the first to state openly that Peiping's attacks on revisionists actually are directed at Soviet leaders. This statement was made on 25 January in a pro-Communist newspaper in Rome which carried

excerpts from Italian Communist Luigi Longo's speech at the Moscow conference of Communist parties in November 1960. Longo attacked the Chinese by name for "spreading confusion, doubt, and uncertainty in the international movement."

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The Soviet leaders now may be prepared formally to expel Albania from the Warsaw Pact. The imminence of such action is suggested in an Izvestia article of 3 February asserting that the Albanian leaders are "deliberately destroying Albania's link with the Warsaw Treaty Organization and with CEMA and at the same time are working hard at establishing political, economic, and other ties with certain NATO countries." The brief communiqué issued after the meeting of the Warsaw Pact defense ministers in Prague from 30 January to 1 February indicates that a top-level meeting--foreign ministers or higher--of the Pact's political consultative committee will be convened in the near future. This will probably be the occasion for the formal expulsion and is likely to take

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place well in advance of the Soviet party's central committee meeting set for 5 March.

Albania's expulsion from the Warsaw Pact would provide Khrushchev with another opportunity to warn Peiping that he will not waver in efforts to isolate Moscow's opponents in the Communist movement. The Chinese, however, continue to take steps to offset the effects of Albania's isolation. An important recent effort is in Burma, where the Chinese were directly responsible for the formation in late December of a Burmese-Albanian Association to foster relations between Rangoon and Tirana.

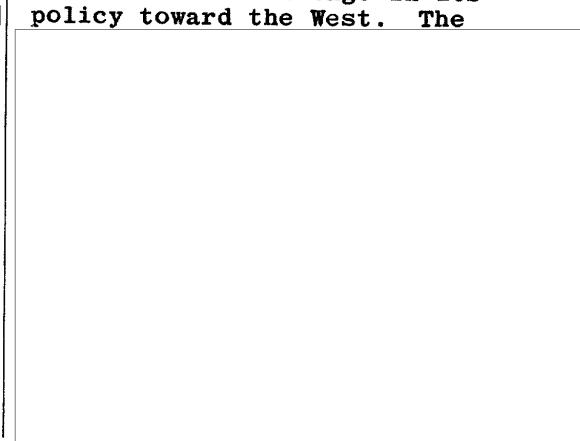
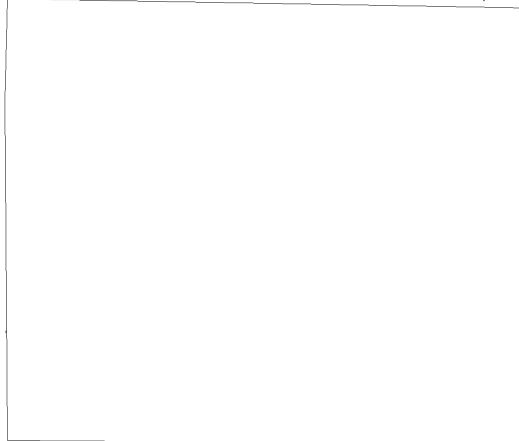
Peiping appears to be conditioning the Chinese people against the possibility of a diplomatic break with Moscow.

The Chinese leaders' campaign to indoctrinate the populace apparently began shortly after the Soviet 22nd party congress last November; by December, students in Peiping University were reported to be expressing the view that China must not exclude the possibility of a diplomatic rupture with Moscow.

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Soviet officials and journalists reportedly now believe that there can be no compromise in the Sino-Soviet dispute, and an East European Communist recently stated that "it will be increasingly difficult for both sides to maintain formal governmental relations." Moscow may hope to turn the deteriorating situation to advantage in its policy toward the West. The

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EAST GERMANY

Adverse public reaction to the East German regime's general conscription law enacted on 24 January is becoming stronger. Statements by regime leaders show that the public is asking such questions as: "Are we obligated to shoot our West German brothers?" and "Do we now have a Wehrmacht?" Expressions of pacifism--condemned by the regime--are mounting. This reaction points up public resentment of the regime's reversal of its previous line that it would never initiate conscription.

The regime is nevertheless pressing ahead with its efforts to enlist young people. On 6 February it announced that youths born between 1940 and 1943 will be registered for the draft during February and March. The US Mission in Berlin estimates that this will affect approximately 450,000 males not already on active duty.

The regime is taking other steps to increase its control over restive youth. A special governmental committee has been set up under Deputy Premier Willi Stoph to "ensure the promotion and development by the state of the initiative of youth in all fields of social life in the building of socialism."

In an effort to curb anti-regime activities, increasingly heavy penalties are being imposed for sabotage. In two recent cases, individuals charged with multiple arson have been sentenced to death. Six employees at the important Henningendorf Locomotive Works outside Berlin received long sentences at hard labor on charges of plotting to blow up a bridge.

Other evidence suggests that minor antiregime incidents and the circulation of literature attacking party boss Ulbricht are on the increase.

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Public disaffection also stems from the worsening food situation as seasonal shortages of butter, milk, beef, and potatoes grow more severe. The regime has made an effort to maintain adequate food stocks in East Berlin and other large cities and industrial center; as a consequence other areas appear to have suffered.

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CURRENT INTELLIGENCE WEEKLY SUMMARY

SOVIET-TURKISH RELATIONS

Recent Soviet diplomatic and propaganda activity directed at the Turkish Government indicates that the USSR is making a serious new effort to weaken Ankara's ties with the West and to encourage neutralism. As it did when the Gursel government was formed in May 1960, the Soviet Union has sought to convince the recently formed Inonu government of the advantages of improved relations with the USSR, relying on the usual Soviet combination of threats and offers of aid. Indicative of the intensified Soviet propaganda effort was the 2 February Pravda interview with Chief of Soviet Naval Forces Gorshkov in which he threatened Turkey with nuclear destruction and at the same time held out hope for "truly good-neighborly relations."

In the past month and a half, Soviet Ambassador Ryzhov has been pressing this dual approach with political leaders in Ankara, choosing, however, to emphasize aid offers, instead of threats.

Ryzhov has echoed Moscow's propaganda line that Soviet-Turkish relations should return to the bases of friendship and cooperation which marked the early years of Ataturk's rule but were destroyed by Stalin's territorial demands on Turkey--demands repudiated by his successors. Ryzhov has revived long-standing offers of economic and technical aid to Turkey, reportedly in the amount of \$500,000,000, and has tried to convince Turkish leaders that the US will be incapable of maintaining its aid programs because of the high costs of procuring new armaments in the US.

The Soviet Union has also held out the hope of expanded trade between Turkey and the bloc. The 1962 trade agreement between Turkey and the USSR signed on 6 January envisages a trade turnover of \$24,400,000, as compared with \$18,000,000 under the 1961 agreement. A 29 January article in Economic Gazette declared that the USSR could considerably increase the quantity of goods im-

ported from Turkey and in return could export oil and agricultural machinery of various types.

Despite Ryzhov's strenuous diplomatic activities--including a talk with Justice party leader Gumuspala and reportedly an invitation to Inonu to visit Moscow--the ambassador's efforts do not seem to have been very successful. On a number of occasions Inonu has declared both publicly and privately that the cornerstone of Turkish foreign policy is adherence to its alliances with the West, and has reiterated his conviction that as long as the world is divided into two blocs Turkey must remain firmly tied to the West. While he has welcomed Soviet efforts to put relations on a more friendly basis, Inonu has made it clear to Ryzhov that relations can be improved only within the framework of Turkish commitments to NATO and CENTO.

Although there was an indication in early January in an Ankara newspaper considered close to the Foreign Ministry that Turkey might accept Soviet assistance, Inonu recently told press representatives that Turkey will not accept the present Soviet aid offers, and would consider accepting only if the USSR improved political relations with Turkey. Soviet leaders are apparently calculating, however, that recent Turkish economic difficulties are severe enough to make offers of economic and technical aid very attractive to the present or potential future rulers of Turkey and will continue to hold out vague promises of aid.

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The Soviet Union may well be preparing for a possible change in the present Turkish government, hoping to establish itself firmly with a number of potential successors to Inonu.

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CURRENT INTELLIGENCE WEEKLY SUMMARY

KENYA CONSTITUTIONAL CONFERENCE

The Kenya constitutional conference, scheduled to open in London on 14 February, is likely to produce a timetable for the final stages of the colony's transition to independence. Most British and Kenyan leaders expect establishment some time this summer of a government headed by an African chief minister, with independence likely early next year.

The new constitution probably will give considerable powers to local and regional authorities in an effort to allay the fears of minor tribes that they will be dominated by larger groups. More difficult negotiations are expected over Kenya's northern frontier area, where Somali tribesmen have shown no lessening in their determination to attach the area to the Somali Republic. Problems also will arise from Britain's desire to keep its extensive military facilities as long as possible.

Prospects are better than they have been in recent months that the government which leads Kenya into independence will be moderate and will have an electoral base cutting widely across tribal lines--a combination which Britain has been trying to promote for years. The British hope that the factionalism which has immobilized the largest African party since it was founded now will act to force a realignment of political forces and that moderates will emerge as a single bloc.

This party, the Kenya African National Union (KANU), has

been divided over three issues: the cleavage between the Kikuyu and the Luo, the two main tribes which support the party; the activities of its left wing, which unites former Mau Mau "old guard" Kikuyu leaders with Oginga Odinga, a Luo extremist

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[redacted] party secretary general Tom Mboya, also a Luo.

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When Kikuyu leader Jomo Kenyatta assumed the KANU presidency last November, he committed himself to a revitalization of the party. He was unable to accomplish this, however, and instead gravitated into the [redacted] company of Odinga and the hard-line extremists. As a result, his prestige has declined, but at the same time the extremists' position has deteriorated as a result of internal disputes and the government's disclosure of the extent of Odinga's support from the bloc.

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Mboya believes that at the constitutional conference it may be possible to isolate the extremists and form a "national government" of moderate elements from both KANU and the governing party, the Kenya African Democratic Union--with himself, by implication, in a leading position. Should such a government be formed, however, many obstacles would still have to be overcome, since in addition to tribalism, secessionism, and personal rivalries, there is the basic problem of rejuvenating the long-stagnant Kenya economy.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****CONFERENCE OF INDEPENDENT AFRICAN STATES**

After a shaky start, the 20 moderate African states represented at the "summit" phase of the conference of independent African states held in Lagos, Nigeria, between 22 and 30 January achieved some progress toward closer economic and technical cooperation. The conference was an outgrowth of the meeting in Monrovia last year at which moderate leaders charted a functional approach to pan-Africanism contrasting with the more political approach espoused earlier by the five radical states of the Casablanca group. However, the last-minute decision by the Casablanca states and by Tunisia and Libya to boycott the Lagos gathering, plus the Sudan's early withdrawal, damaged the prestige of the conference and wrecked Nigerian hopes of presiding over a rapprochement between the two groupings.

There is evidence that the radicals' boycott, announced after their foreign ministers met in Accra on 20 January, was undertaken at the behest of the Egyptians and Moroccans, who argued that none of the group should go to Lagos because the provisional Algerian government had not been invited. Tunisia, which tried hard to get an invitation for the Algerians, had canceled its plans to attend three days earlier.

The Sudan dropped out when it was unable to win an immediate invitation for the Algerians at the preliminary foreign ministers' phase of the conference.

Although Khartoum's effort was supported by a number of states--notably Ethiopia, the Somali Republic, and Nigeria--it failed as a result of continuing opposition from conservative French-speaking states led by Ivory Coast. The departure of the Sudan left Arab Africa essentially unrepresented.

The cleavage over Algeria also marred the beginning of the conference's "summit" phase. The "unanimous" decision to continue to restrict representation at future meetings to sovereign states, announced on 26 January, was recognized by the more nationalistic participants as increasing the conference's vulnerability to attacks by the radicals. However, Congolese Premier Adoula's arrival on 27 January and the objections he voiced to the Soviet-initiated UN Security Council session scheduled for 30 January gave the conferees an important and timely African issue on which to unite.

The delegates adopted resolutions setting up various intergovernmental bodies, including a permanent secretariat, to facilitate cooperation in the economic, social, and cultural fields. These organs are apparently to proceed with their tasks, whether or not a proposed "African charter" for a general pan-African organization is ultimately adopted. Approved in principle at Lagos, the charter is to be circulated among all African states, including those of the Casablanca group, before being put in final

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

form for consideration by another "summit" conference--reportedly to be held in Addis Ababa.

Meanwhile, prospects for an early merger of the Casablanca and Monrovia/Lagos groupings, which had seemed to be improving, have been set back still further. The radicals' boycott of the Lagos meeting, after they had indicated they would attend at least the foreign ministers' phase, has embittered the Nigerians and other moderates who were striving for a reconciliation. Much of this resentment apparently focuses on Ghana's Nkrumah, whose aggressive pursuit of African leadership reportedly was criticized by most of the participants.

The breach between the rival groupings is likely to become increasingly difficult to heal as the institutional framework outlined at Lagos comes into existence to rival the one the Casablanca allies have been developing since early last year. Nevertheless, the



Tunisians and others can be expected to utilize the pan-African conference scheduled for April in Tunis for another attempt to bring the two camps closer together. 25X1

FOREIGN POLICY DEVELOPMENTS IN THE ASIAN COMMUNIST SATELLITES

Mongolia, seeking wider recognition outside the Communist bloc, apparently feels sufficiently encouraged by its winning UN membership last fall to renew its approaches to free world countries. Two members of its UN delegation told an American official on 30 January of their country's

desire to establish relations with the US and "as many other non-Communist nations as possible." Mongolia was disappointed over its failure last summer to secure US recognition, which it considers would prompt other Western countries to follow suit.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

Ulan Bator, more successful than the other Asian satellites in gaining recognition, has been recognized by 12 non-bloc nations--most recently by Iraq, Afghanistan, and Ceylon. North Vietnam has only four nonbloc ambassadors accredited to it, and North Korea has three. Mongolia's tactics have been to have its diplomats take up the matter with their free world counterparts in capitals to which both are accredited.

Both North Korea and North Vietnam hope by expanded diplomatic contacts to promote international support for their reunification programs. Their tactics have centered on sending good-will and trade delegations in the past year to Africa, Southeast Asia, and Latin America.

In his conversation with the American official, one of the Mongolian UN delegates intimated that the problem of his country's remoteness was compounded by the "rather overpowering" pressures of living between the USSR and Communist China. The pressures from the USSR have evidently been the more effective. Mongolia alone of the Asian satellites has come out strongly in Moscow's behalf in the Albanian dispute, condemning the Albanian leadership and criticizing the Chinese Communists for objecting to a public airing of the dispute. Ulan Bator's unreservedly pro-Soviet stand apparently has had some repercussions on its rela-

tions with Peiping, which one of the Mongolian UN delegates admitted had deteriorated somewhat. Another Mongolian UN official refused in a recent meeting with American college students to express support for Peiping in its border dispute with India.

North Korea and North Vietnam have avoided actions openly antagonistic to Moscow but have maintained correct state and party relations with Albania and have treated it as a bloc member in good standing. Both favor Peiping's position in the dispute, but neither wishes to endanger its relations with the USSR.

Since the Soviet party congress, Pyongyang has shown more open support for the Chinese position. North Korea was the only bloc nation to join Albania in publicly expressing approval of the Chinese stand in the border dispute with India, and it alone joined Albania and China in opposing the Soviet stand at the recent meeting of the World Peace Council.

North Vietnam has been more cautious. Ho Chi Minh attempted to mediate the Sino-Soviet dispute in November but was rebuffed by both sides. During the December tour of North Vietnam by a high-level Chinese Communist military mission, North Vietnamese officials were careful to balance praise of Communist China with flattering references to the Soviet Union.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****DE GAULLE'S PROBLEMS WITH FRENCH ARMED FORCES IN EUROPE**

De Gaulle has increased the discontent in the French armed forces by his extensive reshuffling of restive units and re-assignment of individuals suspected of disloyalty. Some 2,500 officers are reported to have left the army since last April, including many of France's most experienced combat commanders. Except for those units which will directly benefit by his emphasis on a national strike force, De Gaulle has failed to reorient military thinking to "a European mission," and the return of units from Algeria may have actually weakened the loyalty of his armed forces in Europe.

De Gaulle is withdrawing French military forces from Algeria over the protests of both military and political advisers. Two divisions formed from paratroop and other regiments whose loyalty was in question during the April revolt were brought to France in the second half of 1961, and transfer of the equivalent of two other divisions will reportedly begin by 15 February. This is a calculated risk at a time when overall military morale is reported unusually low.

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April and in 500 forced retirements.

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The air force and navy have not been so heavily committed in Algeria and have more to gain from De Gaulle's plans for a national strike force. De Gaulle has appointed air force officers such as General André Puget, recently made chief of staff of national defense, and Maj. Gen. Paul Jacquier, new head of the External Intelligence Service, to replace army officers. There have also been press reports that General Charles Ailleret, the commander in chief of French forces in Algeria whose loyalty to De Gaulle has been uncontested, will be replaced by Admiral Barthélémy or air force General Martin.

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Most observers agree that De Gaulle has not succeeded in building military interest in new missions to the extent where it will offset the divisions and suspicions that have resulted from the revolt last April and subsequent government efforts to head off a recurrence. Until the Algerian problem is settled, there will be a fertile field for rightist subversion, and discontent will continue even after an Algerian settlement.

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The army's dislike of the President's policies has been reflected in the voluntary resignation of 2,000 officers since

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